

FINANCIAL STATEMENTS
(SBP BANKING SERVICES CORPORATION)

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed balance sheet of the **SBP Banking Services Corporation** as at June 30, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Corporation's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the International Accounting Standards and Accounting Policy for investments as stated in note 4.1 to the financial statements approved for adoption by the Board of Directors of the Corporation. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion the balance sheet and related profit and loss account, cash flow statement and statement of changes in equity together with the notes thereon have been drawn up in conformity with the International Accounting Standards and Accounting Policy for investments as stated in note 4.1 to the financial statements approved for adoption by the Board of Directors of the Corporation; and
- b) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the International Accounting Standards and Accounting Policy for investments as stated in note 4.1 to the financial statements approved for adoption by the Board of Directors of the Corporation, and, give the information required by these Standards in the manner so required, and respectively give a true and fair view of the state of the Corporation's affairs as at June 30, 2006 and of the profit, its cash flows and changes in equity for the year then ended.

**KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS**

KARACHI

DATE: 07th September 2006

**M. YOUSUF ADIL SALEEM &
CO.
CHARTERED ACCOUNTANTS
KARACHI**

DATE: 07th September 2006

SBP Banking Services Corporation
Balance Sheet
As at June 30, 2006

	<i>Note</i>	2006 (Rupees in '000)	2005
ASSETS			
Balance in current account with State Bank of Pakistan		2,897,163	3,445,805
Investments	5	923,924	933,506
Employee loans and advances		6,188,476	5,161,827
Other assets		84,282	70,706
Property, plant and equipment	6	170,333	157,245
Total assets		10,264,178	9,769,089
LIABILITIES			
Other liabilities	7	2,208,557	2,533,099
Deferred liabilities - staff retirement benefits	8	7,055,621	6,235,990
Total liabilities		9,264,178	8,769,089
Net assets		1,000,000	1,000,000
REPRESENTED BY:			
Share capital	9	1,000,000	1,000,000

The annexed notes 1 to 15 form an integral part of these financial statements.

Liaqat Durrani
Managing Director

Qasim Nawaz
Director Accounts

SBP Banking Services Corporation
Profit and Loss Account
For the year ended June 30, 2006

	<i>Note</i>	2006	2005
		(Rupees in '000)	
Discount and interest earned	<i>10</i>	60,242	24,289
Net operating expenses - establishment costs	<i>11</i>		
Total expenses		4,144,435	3,576,011
Reimbursed by the State Bank of Pakistan		(2,773,637)	(2,612,611)
Allocated to the State Bank of Pakistan		(1,370,798)	(963,400)
		-	-
Gain on disposal of property, plant and equipment		454	4,329
		<hr/>	<hr/>
Balance profit transferred to the State Bank of Pakistan		<u>60,696</u>	<u>28,618</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Liaqat Durrani
Managing Director

Qasim Nawaz
Director Accounts

SBP Banking Services Corporation
Cash Flow Statement
For the year ended June 30, 2006

	<i>Note</i>	2006	2005
		(Rupees in '000)	
Cash flows from operating activities			
Loss after non-cash items	12	(1,401,592)	(1,640,589)
Expenses reimbursed by the State Bank of Pakistan		2,773,637	2,612,611
Balance profit transferred to the State Bank of Pakistan		(60,696)	(28,618)
Retirement benefits and employees' compensated absences paid		(392,841)	(52,594)
Discount income received		58,995	18,590
		977,503	909,400
(Increase) in assets			
- Loans to employees		(1,026,649)	(994,153)
- Other assets		(13,576)	(65,024)
(Decrease) / Increase in liabilities			
- Other liabilities		(415,542)	677,656
Net cash (used in) / from operating activities		(478,264)	527,879
Cash flows from investing activities			
Fixed capital expenditure		(80,414)	(115,538)
Investment sold / (made)		9,582	(40,000)
Proceeds from disposal of property, plant and equipment		454	8,007
Net cash (used in) investing activities		(70,378)	(147,531)
Net (decrease) / increase in cash and cash equivalents		(548,642)	380,348
Cash and cash equivalents at beginning of the year		3,445,805	3,065,457
Cash and cash equivalents at end of the year		2,897,163	3,445,805

The annexed notes 1 to 15 form an integral part of these financial statements.

Liaqat Durrani
Managing Director

Qasim Nawaz
Director Accounts

SBP Banking Services Corporation
Statement of Changes in Equity
For the year ended June 30, 2006

	Share capital	Unappropriated profit	Total
	----- (Rupees in '000) -----		
Balance as at June 30, 2004	1,000,000	-	1,000,000
Total recognized income and expense for the year – profit for the year	-	28,618	28,618
Balance profit transferred to the State Bank of Pakistan	--	(28,618)	(28,618)
Balance as at June 30, 2005	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total recognized income and expense for the year – profit for the year	-	60,696	60,696
Balance profit transferred to the SBP	-	(60,696)	(60,696)
Balance as at June 30, 2006	<u><u>1,000,000</u></u>	<u><u>-</u></u>	<u><u>1,000,000</u></u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Liaqat Durrani
Managing Director

Qasim Nawaz
Director Accounts

SBP Banking Services Corporation

Notes to the Financial Statements

For the year ended June 30, 2006

1. STATUS AND NATURE OF OPERATIONS

SBP Banking Services Corporation (the Corporation) was constituted under the SBP Banking Services Corporation Ordinance, 2001 (the Ordinance) as a wholly owned subsidiary of the State Bank of Pakistan (SBP) and commenced its operations with effect from January 2, 2002. The Corporation is responsible for carrying out certain statutory and administrative functions and activities on behalf of SBP, as transferred or delegated by SBP under the provisions of the Ordinance mainly including:

- disbursing of loans and advances to the Government, banks, financial institutions and local authorities and facilitating in inter-bank settlement system;
- collecting revenue and making payments for and on behalf of and maintaining accounts of the Government, local bodies, authorities, companies, banks and other financial institutions;
- receipt, supply and exchange of bank notes and coins;
- dealing in prize bonds and other savings instruments of the Government; and
- operational work relating to management of debt and foreign exchange

Any assets, liabilities, income and expenditure directly relating to the above activities are accounted for in the books of SBP while the cost incurred by the Corporation in carrying out the above activities are either reimbursed from or allocated to SBP and are accounted for as deduction from the expenditure while net profit / loss, if any, of the Corporation is transferred to / recovered from SBP.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the International Accounting Standards IAS 1 to 38 and policy for investments as stated in note 4.1 approved for adoption by the Board of Directors of the Corporation. Where the requirements of policies adopted by the Board of Directors of the Corporation differ with the requirements of International Accounting Standards adopted by the Board of Directors of the Corporation the requirements of policies adopted by the Board of Directors of the Corporation take precedence.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with International Accounting Standards IAS 1 to 38 and policy for investment as stated in note 4.1 approved for adoption by the Board of Directors of the Corporation, requires management to make judgments estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of International Accounting Standard IAS 1 to 38 and policy for investment as stated in note 4.1, that have significant effect on the financial statements and estimate with significant risk of material judgments in the next year are discussed in note 14 to these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Investments

Investment in Government securities are stated at cost less impairment, if any. The cost of securities is adjusted for any amortization of premiums on a straight-line basis over the period of maturity.

4.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses while capital work-in-progress is stated at cost.

Depreciation on property, plant and equipment is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life.

Depreciation on additions is charged to the profit and loss account from the month in which the asset is put to use while no depreciation is charged in the month in which the assets are deleted. Normal repairs and maintenance are charged to the profit and loss account as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of property, plant and equipment are included in income currently.

4.3 Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.4 Staff retirement benefits

The Corporation operates the following staff retirement benefits for employees transferred from SBP (transferred employees) and other employees:

- a) an un-funded contributory provident fund (old scheme) for transferred employees who joined SBP prior to 1975 and opted to remain under the old scheme;
- b) an un-funded general contributory provident fund (new scheme) for transferred employees who joined SBP after 1975 or who had joined SBP prior to 1975 but have opted for the new scheme and other employees;
- c) the following other staff retirement benefit schemes:
 - an un-funded gratuity scheme for all employees other than the employees who opted for the new general provident fund scheme or transferred employees who joined SBP after 1975 and are entitled only to pension scheme benefits;
 - an un-funded pension scheme;
 - an un-funded contributory benevolent fund scheme; and
 - an un-funded post retirement medical benefit scheme.

Annual provisions are made by the Corporation to cover the obligations arising under these schemes based on actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains and losses arising at the valuation date are recognized as income / expense in the following year based on actuarial recommendations.

The above staff retirement benefits are payable to staff on completion of prescribed qualifying period of service.

4.5 Compensated absences

The Corporation makes annual provision in respect of liability for employees' compensated absences based on actuarial estimates.

4.6 Revenue recognition

Revenue is recognized on time proportion basis that takes into account the effective yield on the asset.

4.7 Taxation

The income of the Corporation is exempt from Tax under section 25 of the SBP Banking Services Corporation Ordinance, 2001.

4.8 Cash and cash equivalents

Cash comprise of cash on hand and balance in current account with the State Bank of Pakistan. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

4.9 Financial instruments

Financial assets and liabilities are recognized at the time when the Corporation becomes a party to the contractual provisions of the instrument. Any gain or loss on the de-recognition of the financial assets and liabilities are included in the profit and loss account currently.

Financial instruments carried on the balance sheet include investments, loans and advances, the balance in the current account with the State Bank of Pakistan and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each financial instrument.

4.10 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet when the Corporation has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously

4.11 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income / expense currently.

5. INVESTMENTS	2006	2005
	(Rupees in '000)	
Government securities		
Market Treasury Bills	5.1	551,577
Pakistan Investment Bonds	5.2	372,347
		<u>923,924</u>
		933,506
5.1 Market Treasury Bills carry mark-up at the rate of 8.8% per annum (2005: 5.7% per annum) and are due to mature from Jan-March 2007		
5.2 Pakistan Investment Bonds carry mark-up at the rate of 8% percent per annum (2005: 8.0% per annum) and is due to mature in 2013		

6. Property, Plant & Equipment

Operating fixed assets	6.1	167,122	147,910
Capital work-in-progress	6.2	3,211	9,335
		170,333	157,245

6.1 Operating fixed assets

The following is a statement of operating fixed assets:

2006	Cost at July 1, 2005	Additions/ (deletions) during the year	Cost at June 30, 2006	Accumulated depreciation at July 1, 2005	Charge for the year / (accumulated depreciation on deletions)	Accumulated depreciation at June 30, 2006	Net book value at June 30, 2006	Annual rate of depreciation (%)
------(Rupees in '000)-----								
Furniture and fixtures	29,805	7,679	37,484	12,672	4,799	17,471	20,013	10
		-			-			
Office equipment	206,944	20,651	227,595	128,366	16,999	145,365	82,230	20
		-			-			
EDP equipment	91,127	49,936	141,023	47,634	42,179	89,773	51,250	33.33
		(40)			(40)			
Motor vehicles	11,843	8,272	19,450	3,137	3,349	5,821	13,629	20
		(665)			(665)			
2006	339,719	86,538	425,552	191,809	67,326	258,430	167,122	-
		(705)			(705)			
2005	Cost at July 1, 2004	Additions/ (deletions) during the year	Cost at June 30, 2005	Accumulated depreciation at July 1, 2004	Charge for the year / (accumulated depreciation on deletions)	Accumulated depreciation at June 30, 2005	Net book value at June 30, 2005	Annual rate of depreciation (%)
------(Rupees in '000)-----								
Furniture and fixtures	27,366	5,155	29,805	9,650	3,848	12,672	17,133	10
		(2,716)			(826)			
Office equipment	195,363	61,916	206,944	158,063	20,638	128,366	78,578	20
		(50,335)			(50,335)			
EDP equipment	36,887	54,352	91,127	27,653	20,038	47,634	43,493	33.33
		(112)			(57)			
Motor vehicles	13,352	1,956	11,843	2,669	2,200	3,137	8,706	20
		(3,465)			(1,732)			
2005	272,968	123,379	339,719	198,035	46,724	191,809	147,910	
		(56,628)			(52,950)			

6.2	Capital work-in-progress	2006	2005
		(Rupees in '000)	
	Furniture and fixtures	386	3,705
	Office equipment	-	3,887
	EDP equipment	-	1,743
	Others	2,825	-
		<u>3,211</u>	<u>9,335</u>
7.	OTHER LIABILITIES		
	Accruals and provisions	1,995,838	1,934,282
	Others	212,719	598,817
		<u>2,208,557</u>	<u>2,533,099</u>
7.1	Accruals and provisions		
	Provision for employees' compensated absences	1,754,000	1,663,000
	Others	241,838	271,282
		<u>1,995,838</u>	<u>1,934,282</u>
8.	DEFERRED LIABILITIES - STAFF RETIREMENT BENEFITS		
	Gratuity	65,000	71,000
	Pension	5,003,000	4,436,000
	Benevolent fund scheme	715,000	627,000
	Post retirement medical benefits	439,000	277,000
		<u>6,222,000</u>	<u>5,411,000</u>
	Provident fund scheme	833,621	824,990
		<u>7,055,621</u>	<u>6,235,990</u>
9.	SHARE CAPITAL		
	2006	2005	
	(Number of shares)		
		Authorized share capital	
		Ordinary shares of Rs 1,000,000 each	
	<u>1,000</u>	<u>1,000</u>	<u>1,000,000</u>
		Issued, subscribed and paid-up capital	
		Fully paid-up ordinary shares of	
	<u>1,000</u>	<u>1,000</u>	<u>1,000,000</u>
		Rs.1,000,000 each	<u>1,000,000</u>

10. Discount and interest earned		
Discount on Government securities	58,995	15,667
Interest on staff loans	1,247	7,646
Others	-	976
	<u>60,242</u>	<u>24,289</u>

11. NET OPERATING EXPENSES – ESTABLISHMENT COSTS

2006 2005
(Rupees in '000)

Reimbursable from the State Bank of Pakistan

Salaries, wages and other benefits		2,395,588	2,279,552
Rent and taxes		7,162	6,200
Insurance		1,296	1,378
Electricity, gas and water		115,690	94,440
Repair and maintenance		9,751	9,699
Auditors' remuneration	11.5	2,250	1,750
Legal and professional		2,127	2,776
Traveling		4,947	3,855
Daily expenses		11,530	7,112
Passages		60,367	60,574
Fuel		2,066	2,056
Conveyance		3,167	2,803
Postages, telegram / telex and telephone		11,815	10,563
Training		13,419	12,891
Remittance of treasure		37,445	30,993
Stationery		5,039	6,395
Books and newspapers		890	874
Advertisement		597	354
Bank guards		46,206	39,036
Uniforms		13,083	15,675
Others		29,202	23,635
		<u>2,773,637</u>	<u>2,612,611</u>

Allocable to the State Bank of Pakistan

Retirement benefits and employees' compensated absences		1,303,472	916,676
Depreciation	6.1	67,326	46,724
		<u>1,370,798</u>	<u>963,400</u>
		<u>4,144,435</u>	<u>3,576,011</u>

11.1 As mentioned in note 4.4, the Corporation operates the following staff retirement benefit schemes:

- an un-funded gratuity scheme for all employees other than the employees who opted for the new general provident fund scheme or transferred employees who joined the SBP after 1975 and are entitled only to pension scheme benefits;
- an un-funded pension scheme;
- an un-funded contributory benevolent fund scheme; and
- an un-funded post retirement medical benefit scheme.

During the year the Corporation has had actuarial valuations carried out for all the above schemes. Projected Unit Credit Method using the following significant assumptions has been used for the valuations of these schemes as at 30 June 2006:

- | | |
|---|------------------------------------|
| - Expected rate of increase in salary level | Percent per annum
8.60% |
| - Expected rate of discount | 10.80% |
| - Medical cost trend | 5.50% |

11.2 The following is the movement of the net recognized liability in respect of the defined benefit schemes mentioned above:

	Recognized liability as at June 30, 2005	Charge for the year	Payments during the year	Employee contributions	Recognised liability as at June 30, 2006
	------(Rupees in '000)-----				
Gratuity	71,000	11,000	17,000	-	65,000
Pension	4,436,000	762,000	195,000	-	5,003,000
Benevolent fund scheme	627,000	91,000	13,000	10,000	715,000
Post retirement medical benefits	277,000	171,000	9,000	-	439,000
	5,411,000	1,035,000	234,000	10,000	6,222,000

The following are the fair values of the obligations under the schemes and liabilities recognised there against for the past services of the employees at the latest valuation dates.

	2006		2005	
	Present value of the defined benefit obligation	Provision made in respect of retirement benefits	Unrecognised actuarial gain/(loss)	Provision made in respect of retirement benefits
	------(Rupees in '000)-----			
Gratuity	58,000	65,000	7,000.00	71,000.00
Pension	5,009,000	5,003,000	(6,000.00)	4,436,000.00
Benevolent fund scheme	710,000	715,000	5,000.00	627,000.00
Post retirement medical benefits	1,204,000	439,000	(765,000.00)	277,000.00
	6,981,000	6,222,000	(759,000.00)	5,411,000.00

11.3 The following amounts have been charged to the profit and loss account in respect of the above benefits:

	Current service cost	Actuarial gain/(loss)	Interest cost	Employee contributions	Total
------(Rupees in '000)-----					
Gratuity	2,000	1,000.00	8,000	-	11,000
Pension	191,000	27,000.00	544,000	-	762,000
Benevolent fund scheme	29,000	-	72,000	10,000	91,000
Post retirement medical benefits	38,000	40,000.00	93,000	-	171,000
2006	260,000	68,000.00	717,000	10,000	1,035,000
2005	227,000	11,000.00	409,000	-	647,000

11.4 Employees' compensated absences

During the year, actuarial valuation of employees' compensated absences has been carried out as at June 30, 2006 using the Projected Unit Credit Method. An amount of Rs. 95 million (2005: Rs. 249 million) has been charged to the profit and loss account in this respect based on actuarial recommendations.

11.5 Auditors' remuneration

	M. Yousuf Adil Saleem & Co.	KPMG Taseer Hadi & Co.	2006	2005
------(Rupees in 000)-----				
Audit fee	875	875	1,750	1,250
Out of pocket expenses	250	250	500	500
	1,125	1,125	2,250	1,750

12. LOSS AFTER NON-CASH ITEMS

Net profit for the year	60,696	28,618
Expenses reimbursed by the State Bank of Pakistan	(2,773,637)	(2,612,611)
Expenses allocated to the State Bank of Pakistan	(1,370,798)	(963,400)
	(4,083,739)	(3,547,393)
Adjustments for:		
Depreciation	67,326	46,724
Provision for retirement benefits and employees' compensated absences	1,303,472	916,676
Expenses allocated to the State Bank of Pakistan	1,370,798	963,400
Discount on Government securities	(58,995)	(15,667)
Profit on disposal of fixed assets	(454)	(4,329)
	2,682,147	1,906,804
	(1,401,592)	(1,640,589)

13. FINANCIAL ASSETS AND LIABILITIES

2006	Interest rate (%)	Interest / mark-up bearing			Non interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
----- (Rupees in '000) -----								
Financial assets								
Investments	8 - 8.8	551,577	372,347	923,924	-	-	-	923,924
Employee loans and advances	10	20,422	165,232	185,654	82,774	5,920,048	6,002,822	6,188,476
Balance in current account with the SBP		-	-	-	2,897,163	-	2,897,163	2,897,163
		571,999	537,579	1,109,578	2,979,937	5,920,048	8,899,985	10,009,563
Financial liabilities								
Other liabilities		-	-	-	454,557	1,754,000	2,208,557	2,208,557
		-	-	-	454,557	1,754,000	2,208,557	2,208,557
On balance sheet gap		571,999	537,579	1,109,578	2,525,380	4,166,048	6,691,428	7,801,006
2005								
Financial assets								
Investments	5.7-8	549,000	384,506	933,506	-	-	-	933,506
Employee loans and advances	10	13,752	124,893	138,645	442,935	4,580,247	5,023,182	5,161,827
Balance in current account with the SBP		-	-	-	3,445,805	-	3,445,805	3,445,805
		562,752	509,399	1,072,151	3,888,740	4,580,247	8,468,987	9,541,138
Financial liabilities								
Other liabilities		-	-	-	870,099	1,663,000	2,533,099	2,533,099
		-	-	-	870,099	1,663,000	2,533,099	2,533,099
On balance sheet gap		562,752	509,399	1,072,151	3,018,641	2,917,247	5,935,888	7,008,039

13.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management of the Corporation believes that it is not exposed to any significant level of credit risk. Loans to employees are secured by deposit of title documents with the Corporation and by insurance policies covering any loss arising from the death of the employees. The remaining balances are recoverable from the State Bank of Pakistan and accordingly are not subject to any significant level of credit risk.

13.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Corporation believes that it is not exposed to any significant level of liquidity risk.

13.3 Fair value of financial assets and liabilities

The fair value of all financial assets and financial liabilities is estimated to approximate their carrying values.

14. ACCOUNTING ESTIMATES AND JUDGEMENTS

Held-to-maturity investments

The Bank follows classifies non-derivates financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

Retirement benefits

The key actuarial assumptions concerning the valuation of defined benefit plans and the sources of estimation in notes 11.1 to the financial statements.

Useful life of property, plant and equipment

Estimates of useful life of the property, plant and equipment are based on the management's best estimate.

15. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 7, 2006 by the Board of Directors of the Corporation.

Liaqat Durrani
Managing Director

Qasim Nawaz
Director Accounts

